



The New Money Guide to Greenwashing

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From ethical to green, and the wash in between



By Rebecca Jones, founder of New Money

Green Investing has come a long way. In the UK, the first formal shoots emerged back in 1985, when Friends Provident launched its first ethical funds. Then, like now, ethical funds made some basic exclusions of traditional ‘sin stocks’ like tobacco, alcohol, gambling and adult entertainment. This definition of ‘ethical’ is rooted in traditional Christian values, as Shariah funds are in Islamic values.

As Western society has moved away from collective agreement on morality, though, the term ‘ethical’ has become a contentious one. Now, for example, many investors expect an ‘ethical’ fund to exclude fossil fuels, while alcohol would hardly raise an eyebrow.

This has led to the proliferation of a number of different labels for what began as ethical investing, all of which we lay out in our [Green Investment Grid on page 4](#), and which include sustainable, responsible and – most recently – Environmental, Social and Governance (ESG) investing.

The launch of the [United Nations Sustainable Development Goals \(UN SDGs\)](#) in 2015 has provided some guidelines. Many ‘green’ investors now target companies meeting one or more of these 17 high level goals, designed to help the world onto a path of sustainable and equitable development by 2030.

Seeking solutions, not spin

However, the lack of any formal definitions, benchmarks or guidelines in this space means that any old fund manager has been able to launch a ‘sustainable’ or ‘ESG’ fund into the market unchecked. Sadly, many are now using even the SDGs as a throw-away term to sell products.

This practice has been labelled ‘greenwashing’. Simply put, ‘greenwashing’ is when a fund manager claims to be ‘green’, or ‘sustainable’, or ‘responsible’ without backing up those claims with solid evidence of how they invest, why, and what positive impact this is having.

According to upcoming research by 2degrees, [85% of funds labelled ‘green’ have ‘misleading’ marketing](#). Moreover, data from Morningstar suggests that of 2,405 ‘sustainable’ funds in Europe, just 160 – or 6.7% – explicitly state, by prospectus, that they either screen out or reduce exposure to fossil fuels beyond coal.

As we detail in our final section, regulators are slowly getting to grips with the issue. In the meantime, though, investors are left to fend for themselves. And that is EXACTLY why we have written the New Money Guide to Greenwashing. With the help of our sponsors EQ Investors, Liontrust and M&G, we are going to help you sort the sustainable from the spin, find the green under the wash, and invest in the best – not the rest.

The green investment grid

Green investment has many names. This isn't always a ploy to bamboozle us, though. Often, it's simply because there are many ways to skin an SDG. Here in our Green Investment Grid, we outline what we think are the seven definitive forms of green investment around right now, and what each one really means. Look out for these terms on investment fund labels.




ESG
(‘Environmental, Social and Governance’)

ESG tries to reduce investment risk and boost returns by investing in companies that address issues like pollution, pay and diversity. May invest in fossil fuel companies.




Ethical / Shariah

Excludes ‘sin stocks’, such as tobacco, arms, gambling, adult entertainment and financial services and pork manufacturers for Shariah. May invest in fossil fuel companies.



Responsible / Socially Responsible Investment (SRI)

Excludes similar stocks as ethical and Shariah, with some also investing in companies with above average ESG standards. May invest in fossil fuel companies.




Sustainable Investment

Seeks to actively invest in companies whose activities are helping to meet sustainability targets such as the UN SDGs. Shouldn't invest in fossil fuel companies.



Green Bonds

Invests in the debt companies take-out to fund green projects, such as increasing renewable energy capacity. As such, fossil fuel firms are common and, in this case, that's a good thing.



Single Focus

Targets companies active in a single area such as solar energy or water scarcity, or those performing well on issues like boardroom diversity. May invest in fossil fuel companies.



Impact Investment

Invests in companies making a clear positive impact on the environment and society and must measure and report on these impacts. Shouldn't invest in fossil fuel companies.

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EQ Investors: The positive portfolio approach



**By Damien Lardoux,
head of impact investing at EQ Investors**

Financial jargon can be hard to keep track of at the best of times – and just when you think you’ve gotten a handle on the latest money mutterings, they change all over again.

But whether it’s termed green, ethical, ESG or sustainable investing, the aim is generally the same: it’s making money while making the world a better place, and it’s clear this is a fast-growing market.

UK investors ploughed more than £2.7 billion into what the Investment Association terms ‘responsible investment’ funds between January and November 2019, the highest equivalent inflow ever recorded. Close to £26 billion is now invested in these funds, up from £12 billion just three years ago in November 2016.

Historically, ethical investing focused on excluding specific companies and sectors – like tobacco or arms. Today though, most strategies have evolved to include companies that have top ESG scores in a particular sector. Impact investing goes a step further by investing in companies whose products and services generate social and environmental impact.

Combining styles for people, planet and performance

At EQ Investors, we combine a number of these different approaches in our [Positive Impact Portfolios](#), through which we invest in a range of different funds from all over the green investment universe.

Suitable for ISAs and personal pensions, the underlying investments in each fund inside the Positive Impact Portfolios are mapped against the UN SDGs, focusing on the core products and services that each company provides.

But no investment is included based on its environmental or social credentials alone – it must also aim to deliver an attractive return for investors. It is this combination of solving social and environmental challenges and the prospect of positive returns that appeals to investors.

Many studies from heavy-hitting financial institutions including Morgan Stanley have shown that green investment can boost returns while reducing risk. This makes sense when you consider the approach favours companies that are actively trying to do good and run their businesses in a sustainable way.

Such companies avoid fines and other penalties and have stronger relationships with their customers, suppliers and employees. Moreover, they tend to operate in new sectors with high-growth potential. In short, these are the green companies of the future, and those we want to be invested in.

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Is it easy being green? A passive paradox

One of the central issues in the greenwashing debate is the growth of what is known as 'passive investing'. This is a form of investment that has become enormously popular since 2009, but which many believe can't match more traditional active fund management for being green.

This is because money in a passive fund is managed by a computer algorithm that just regularly buys up a market. Each passive fund follows an 'index' (like the FTSE 100 in the UK), which is just a list of companies in any given stock market. Passive funds are also known as trackers, index trackers and ETFs.

Leading vs. following

An active investment fund, however, is managed by a human – or a fund manager – who selects investments individually. Fund managers thoroughly research markets to make their investment decisions and then closely monitor the companies they invest in to ensure they are staying on track and meeting targets.

Fund managers, particularly sustainable fund managers, also put pressure on companies to improve their practices. For example, the Liontrust Sustainable Investment Team has given the companies held in their funds until the end of the year to explain how they will help limit global warming to 1.5 degrees.

As passives just buy up the market – and the market is currently dominated by oil and gas, mining, arms, tobacco companies and banks (14.4% of the FTSE 100 index is oil and gas companies alone, for example) – it is very difficult to do truly green investing through passive funds.

The passive paradox

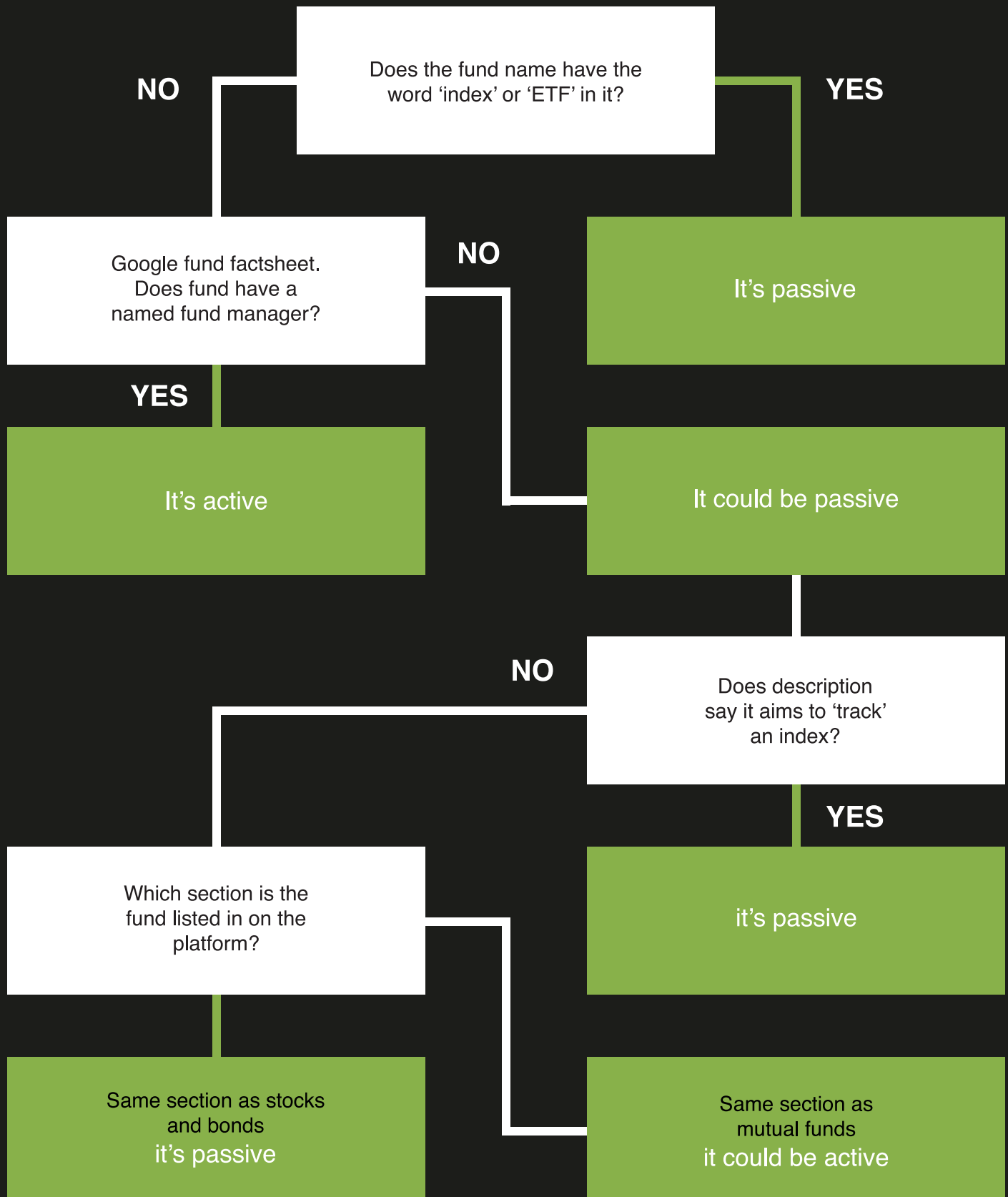
The recent heat that has fallen on the world's biggest passive asset managers – BlackRock and Vanguard – underlines this. Reports from Influencemap and others have shown that both firms have actively voted down climate-friendly resolutions at the annual meetings of oil and gas companies. This is not altogether surprising when you consider that both firms own billion-dollar stakes in these industries by virtue of their huge share of the passive market.

Despite this inherent problem with passives, though, in recent years passive providers have jumped on the green investing bandwagon, with many launching waves of new 'ESG' passive funds. In 2018 and 2019 alone, for example, BlackRock launched 25 new ESG passive ETF funds through its iShares brand (Source: FE Analytics).

Like ethical funds, though, ESG passives only tweak things slightly by making some exclusions, and also typically just cut tobacco and weapons. Indeed, research by TrackInsight and Concer shows that, of 264 global passive ETF funds labelled 'ESG', only 16 have no exposure to fossil fuels.

Am I investing in an active or a passive fund?

Many of us will already be invested in a fund – almost all of us that have a pension, in-fact. To help you figure out which type of fund it is, we have put together this handy flowchart.



Cheap and plentiful

These limitations aside, over the past five years passive ESG funds have grown in popularity. In 2019, for example, they took in 28% of all inflows into sustainable funds in Europe.

This is because passive funds are very cheap. Investors pay fund fees as low as 0.2% per year for a passive fund compared to around 1% for an active fund. On an investment of £1,000, this means roughly £2 per year in fees rather than £10.

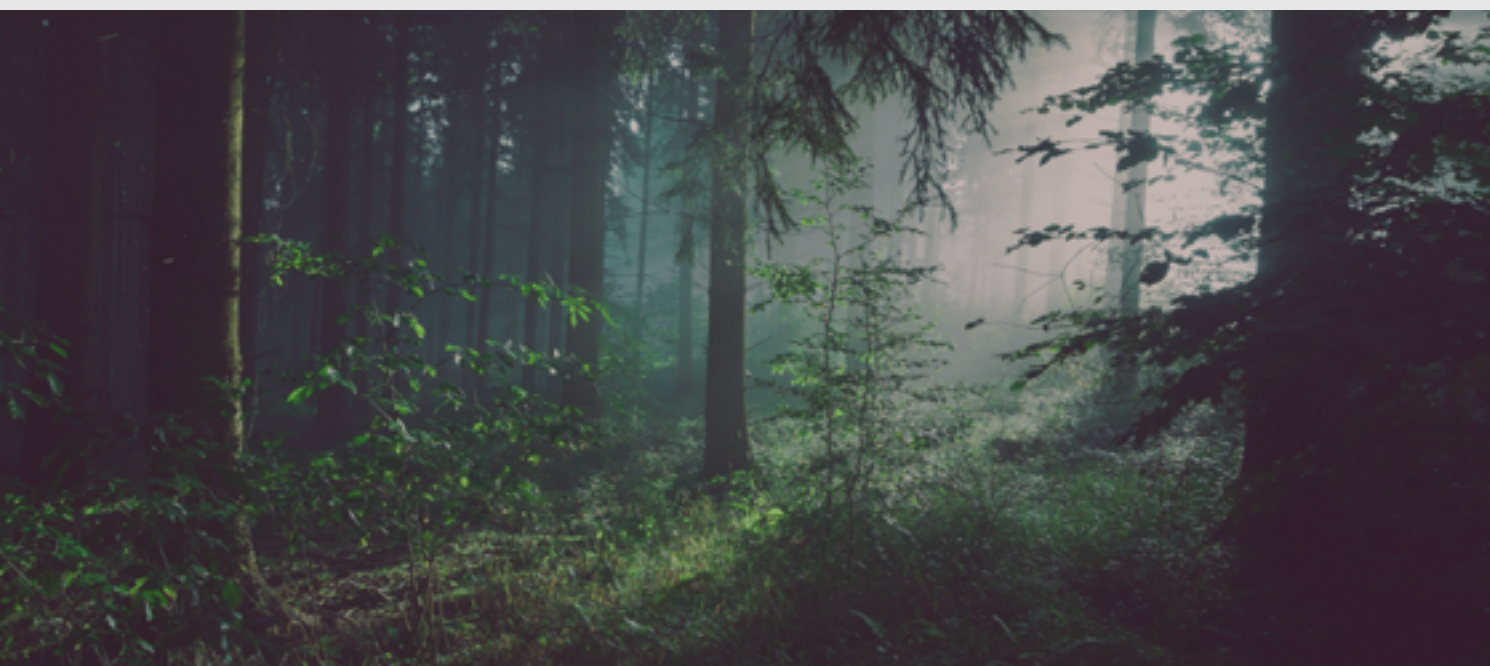
As a result, many of the world's biggest pension funds are now using passive funds to invest their members' money. The same goes for online 'robo-adviser' Nutmeg and app-based providers like Pension Bee, Moneybox and Penfold, all of which target younger investors.

So, where now?

Happily, there is some innovation happening in passives. A great example is impact investing app Tickr. Although it invests in passive funds offered by large asset managers (including BlackRock), the funds use bespoke indices that list companies addressing specific global problems, such as access to clean water. A Tickr portfolio is more expensive than a pure passive one (0.7%), however not quite as expensive as an active fund.

In collaboration with FTSE Russell, The Church of England Pension Board has also recently launched a passive index – the FTSE TPI Climate Transition Index – that invests in companies aligned with the Paris Climate Accord. This is a first in the industry and a promising development.

These are, however, just two innovations in a space dominated by questionable labels and marketing. Right now, as with most things in life, you get what you pay for when it comes to sustainable investing. If you want to be sure your investments are truly helping people and the planet, an active fund is more likely to do the job.



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Green investment statistics

European Investors poured a record **£102 billion** into sustainable investment funds in 2019, accounting for **36% of all fund flows**

£73.2 billion went into active sustainable funds

72%

£28.3 billion went into passive sustainable funds

28%

Total money in European sustainable funds is now **£566.98 billion**, up **56%** from 2018

Sustainable Investment

2,405

There are now **2,405** sustainable investment funds domiciled in Europe, with **360 (15%)** launched in 2019 alone

Of the total, just **160 (6.7%)** explicitly state that they either screen out or reduce exposure to fossil fuels beyond coal

Passive Funds



Passive funds now represent 21% of the European sustainable fund market, which is up from just **14%** five years ago

In the last three months of 2019, passive fund giant **BlackRock took 10% (£3.8 billion)** of all money that went into sustainable funds.

Of 264 passive ETFs labelled 'ESG' in the world, **only 16 have no exposure at all to fossil fuels**, and another 30 have no data available on this

264 number of ETFs globally with an ESG focus

16 number of ETFs with 0% in fossil fuels

218 number of ETFs with between 1% and 39% in fossil fuels

Liontrust: Key rules for dodging greenwash



**By Mike Appleby,
investment manager, Liontrust Sustainable Investment Team**

Sustainability is an increasingly important theme for today's investors. At Liontrust, we can point to a near two-decade track record of sustainable investing. During this time, we have developed the themes that help us to identify and invest in the companies truly making the world a cleaner, safer and healthier place to live.

However, the rising popularity of sustainable investing means it is now increasingly important to identify 'greenwashing' in practice. This is where fund management companies talk up sustainable credentials without the expertise or track record to back it up. We have come up with five rules for investors to evaluate whether funds, and the teams behind them, are capable of meeting investors' sustainable expectations.

1. Demand transparency

A genuinely sustainable fund manager should provide clear information explaining how they invest in what type of companies and how this meets sustainability goals. Be wary of meaningless 'brochure' comments like "sustainability is in our DNA". If they won't provide a full list of the fund's investments, that is a big red flag.

2. Expect experience and resource

We believe the experience and depth of a team is important when it comes to sustainable investing. There is nothing to say a new fund will not be a good investment, and there are interesting products coming to market. But to use a simple analogy, if you need a plumber, you're likely to choose one with experience.

3. Look for knowledge and ongoing training

Sustainable investing is a specialist area and issues like climate change are fast-moving, so investors need to be confident their chosen managers have the required knowledge to run money in this way and are staying on top of trends and developments. Again, if managers cannot display this, that represents a red flag.

4. Ask for activism

Engagement is a key part of what we call sustainable investing. We feel managers should be able to highlight a track record of holding companies to account and encouraging them to improve their practices. Managers should be able to talk in detail about their engagement priorities and voting records at company meetings.

5. Where is the evidence?

This knowledge and experience in sustainability should be applied to investment decisions, and result in meaningfully different portfolios to conventional funds. Are managers able to show how their sustainability views are reflected in their decisions and are these factors truly making a difference? Look for concrete examples.

By following these five simple rules, investors who want their investments to make a difference will be better prepared to hold their fund managers to account.

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Green investment fund stars and spinners



To help you weed out the stars from the spinners, leading sustainable fund analyst [3d Investing](https://www.3dinvesting.com) has handpicked seven funds that invest according to the styles we set out in our Green Investment Grid, and a few that are falling short. Each fund has been given a 3d Star rating, with 5 stars the best.

The Stars

ESG

Fund name: **Storebrand ESG Plus**

Fossil fuel: No

£1,000 investment Jan 2017 to Jan 2020: N/A (£1,017.69 over 6 months)*

Vs. average fund in sector: £997.16 (6 months)



The 3d View: “Funds labelled ‘ESG’ tend to seek to invest in companies that score relatively well on Environmental, Social and Governance factors. This allows investment in controversial sectors such as oil, defence and mining. Storebrand’s ESG Plus fund, though, stands out from other passive funds. It applies a rigorous set of climate change exclusion criteria and dedicates up to 10% of the fund to companies providing low carbon solutions.”

Ethical / Shariah

Fund name: **Rathbone Ethical Bond**

Fossil fuel: No

£1,000 investment Jan 2017 to Jan 2020: £1,220.89*

Vs. average fund in sector: £1,162.24



The 3d View: “Ethical investing is the simplest form of responsible investment, excluding companies that contravene specified ethical standards. On face value, Rathbone Ethical Bond is little different, with a low percentage of the fund invested in solutions to social and environmental challenges. However, it has a very significant but small investment in charity bonds that have a particularly high social impact. In addition, the fund has a rigorous set of ethical exclusion criteria that are carefully followed.”

Responsible / Socially Responsible Investment

Fund name: **Sarasin Responsible Corporate Bond**

Fossil fuel: Avoids extraction of thermal coal and tar sands

£1,000 investment Jan 2017 to Jan 2020: £1,163.04*

Vs. average fund in sector: £1,162.24



The 3d View: “Like other responsible investment funds, the Sarasin Responsible Corporate Bond fund applies an ESG matrix to avoid controversies and to raise the exposure to companies with a relatively good environmental and social performance. It also has a relatively high exposure to companies providing solutions to social and environmental challenges.”

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Sustainable Investment

Fund name: **Liontrust Sustainable Future Global Growth**

Fossil fuel: No

£1,000 investment Jan 2017 to Jan 2020: £1,571.32*

Vs. average fund in sector: £1,284.59



The 3d View: “The Liontrust Sustainable Future funds are managed according to a clear, well thought-out and time-tested rationale. This considers both the nature of the business and the operational practices of the company to ensure that each investment makes a positive contribution to sustainability. The Global Growth fund has a big universe of stocks from which to choose and has a clear focus on companies contributing to the SDGs.”

Green Bonds

Fund name: **Lombard Odier Climate Bond**

Fossil fuel: No

£1,000 investment Jan 2017 to Jan 2020: N/A (£1,054.39 over 1 year)*

Vs. average fund in sector: £1,061.64 (1 year)



The 3d View: “Green bonds target solutions to environmental challenges by their nature. However, there is a surprising lack of public reporting to show the impact of the funds and since many fossil fuel companies issue them, it’s critical to determine what the companies are doing with the proceeds. Unlike the other green bond fund providers, Lombard Odier does issue a full public impact report, but this is quite hard to find and relates to 2017. We’d also like to see a statement of how the money is being used for each investment.”

Single Issue

Fund name: **VT Gravis Clean Energy Income**

Fossil fuel: No

£1,000 investment Jan 2017 to Jan 2020: N/A (£1,305.15 over 1 year)*

Vs. average fund in sector: £1,164.53



The 3d View: “There are a number of funds focused on clean energy, but the VT Gravis Clean Energy Income Fund is distinctive for its low risk approach, since it invests in a wide range of clean energy investment companies which provides greater diversity, while also generating income. Unlike some other ‘clean energy’ funds, there is minimal exposure to legacy fossil fuel assets.”

Impact

Fund name: **M&G Positive Impact Fund**

Fossil fuel: No

£1,000 investment Jan 2017 to Jan 2020: N/A (£1,305.15 over 1 year)*

Vs. average fund in sector: £1,164.53



The 3d View: “M&G’s Positive Impact Fund does everything you would expect of an impact investment: it seeks to make a positive contribution to the SDGs and each investment can be seen to do so. The fund also reports on its impacts to quantify exactly how your money is making a positive difference. On top of this, the manager engages with investee companies to bring about positive change in the running of those companies and participates in collective initiatives to deliver positive changes on a wider scale.”

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The Spinners

Below are three examples of funds whose portfolios are not quite living up to their PR. If you've read our section on passive investment, you'll be unsurprised to learn that two of them are passive tracker funds.

Fund name: **Dimensional Global Sustainability Core Equity Fund**

Fossil fuel: Yes

£1,000 investment Jan 2017 to Jan 2020: £1,296.32

Vs. average fund in sector: £1,298.93



The 3d View: "To its credit, this passive fund does demonstrate a significantly lower carbon footprint than the benchmark index, but it still invests in highly controversial sectors including defence, mining and oil."

Fund name: **iShares MSCI USA ESG Screened UCITS ETF**

Fossil fuel: Yes

£1,000 investment Jan 2017 to Jan 2020: N/A (£1,214.28 over 1 year)

Vs. average fund in sector: £1,145.64 (1 year)



The 3d View: "This 'ESG' fund from BlackRock's iShares brand is another tracker fund that invests in oil majors including Exxon Mobil and Conoco Philips, car manufacturer General Motors and top-notch gambling resort Las Vegas Sands."

Fund name: **Carmignac Portfolio Emerging Patrimoine**

Fossil fuel: Yes

£1,000 investment Jan 2017 to Jan 2020: N/A (£1,070.61 over 6 months)

Vs. average fund in sector: £1,013.78 (6 months)



The 3d View: "This is an active fund with exposure to government bonds in countries with poor human rights records such as Russia, Thailand and Turkey. It also invests in Afren, an oil company now in administration over money laundering and fraud issues."

****All figures are sourced from FE Analytics and are correct to 31 January 2020. 3 years is the recommended minimum period to consider performance, however for younger funds we have quoted the longest period available. Please remember that past performance is no guarantee of future performance.***

Going green alone

Of course, there are way more funds labelled green out there than we have listed above. If you want to start researching yourself, we recommend you start by reading the factsheets of a few of the stars above (see '[How To Read a Fund Factsheet](#)' on the NM Blog). This will give you a good basis for comparison. You can find fund factsheets on [Trustnet](#) and [Morningstar](#).

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Make a change with The Big Exchange

While the first ethical investment fund was launched in 1985, the first sustainable only investment platform is – would you believe – only just launching this year. What is less difficult to believe, though, is that it has been launched by The Big Issue Group: a social enterprise we all know is dedicated to giving vulnerable people a hand up, not a handout.

The Big Exchange has worked closely with 11 of the UK's sustainable fund managers to democratise capital and bring leading sustainable investment funds to the masses. Through an ISA, JISA or general investment account you can invest in 38 funds that have been screened and rated by 3d Investing for their positive contribution to people and the planet – including some of those listed above.

To make a change today, visit www.bigexchange.com

Please remember that when you invest, making money is not guaranteed. Your capital is at risk.



The Big Exchange is a trading style of The Big Exchange (TBF) Limited, which is an Appointed Representative of Resolution Compliance Limited which is authorised and regulated by the Financial Conduct Authority (FRN: 574048)

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M&G: Targeting true positive impact



**By Ben Constable-Maxwell,
head of sustainable and impact investing, M&G Investments**

Investing for impact is truly exciting. For many of us, putting our investments to work in a way that delivers wider benefits alongside potential financial gains is a compelling proposition.

As impact investing gains momentum, though, there are legitimate concerns about ‘greenwashing’. To demonstrate how we at M&G aim to deliver genuine impact, we set a high bar for the investments in the M&G Positive Impact Fund.

Picking impactful companies

To arrive at our portfolio of around 30 impactful global companies, we first screen out any that cause indefensible harm to people or the environment. These are those involved in the production of tobacco, alcohol, adult entertainment, controversial weapons, oil sands, nuclear or coal-fired power, gambling and animal testing for non-medical purposes. In addition, we exclude those deemed to be in breach of the UN Global Compact Principles on human rights, labour, the environment and corruption.

Companies that pass these screens are then analysed under our “Triple I” framework: Investment Case, Intention and Impact. This means we are looking for companies that will deliver good returns over the next ten years, whose products and services explicitly address the UN SDGs (we assign a specific SDG to each investment we make along with a key performance indicator) and who can clearly evidence how they are doing this.

Companies that are awarded above-average scores in each of the three ‘I’s can then make it on to the fund’s watchlist of possible investments, provided all of the Impact team at M&G agree on its merits. Once on the watchlist, shares may be bought if the timing and price are right.

Proving impact

In short, we are looking for companies that can generate more impact, the more profitable they are. For us, these are: Pioneers (whose products or services have a transformational effect on society or the environment); Enablers (which provide the tools for others to deliver positive impact); and Leaders (which spearhead and normalise sustainability and impact in their industries).

Using the SDGs as a framework for determining the environmental and societal challenges that matter most, we can gauge whether a company is delivering impact that is meaningful, or material. And, because, we believe transparency is important, we report to our investors on how we assess impact across the fund. We invite you to read about our holdings, and how they deliver impact, in the fund’s annual impact report.

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The greenwashing checklist

How to spot investment fund greenwash in 5 easy steps

1

**The fund is a
passive 'ESG'
index tracker or
ETF**

As we have outlined, very, VERY few passive funds are truly green

Point two is linked to point one: most passive providers have recently launched huge ranges of 'ESG' trackers. Beware

2

**It is one of a
huge range
of new funds**

3

**It doesn't
say how it
invests**

If management isn't clear about how they invest, which companies they target and how this meets sustainability goals, this should be a red flag

Truly green funds will report on how their investments are meeting targets and making a positive impact at least once a year

4

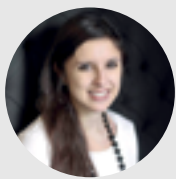
**Management
do not report
on their
impact**

5

**Its top ten
holdings include
oil and gas
companies**

Often, a mere glance at the top ten investments in a fund will reveal whether its PR is matching its portfolio

Finally! Regulators to the rescue



By Anna Fedorova,
writer and consultant, New Money

Sometimes, sustainable investing can seem like the Wild West. The terms ESG, responsible, SRI and sustainable are often used interchangeably with little evidence to back-up claims, leading to greenwashing. The good news is the financial world is waking up to this problem, and much is being done to tackle the issue.

Increased global awareness of climate change and the investment needed to tackle it is putting pressure on regulators globally. A recently passed European-wide law, the EU Disclosure Regulation, will soon force asset managers to report on how they are considering sustainability risks and how their investments are affecting the planet.

The European Parliament is also currently finalising laws that will say which investments can be called “sustainable” via the so-called [Taxonomy Regulation](#). This will require greater disclosures by investors that claim to benefit the environment through their portfolios.

To facilitate this, the European Commission has created two new benchmarks for low-carbon investments – standards against which sustainable funds can be measured, and which come into force on 30 April 2020.

Clarity, consistency and climate action

Here in the UK, the Financial Conduct Authority is consulting on how to tackle greenwashing in the investment industry. It says the ‘green’ investment label is being applied too broadly and recognises the need for stricter definitions. The Investment Association, the representative body for British asset managers, has also developed its own Responsible Investment Framework, in an effort to bring more clarity and consistency to the industry.

Meanwhile, investors themselves have turned up the heat on fund management giants and other financial institutions. As a result, the world’s largest fund manager, BlackRock, has signalled its intention to reform. In January, the group (which manages some £5.4 trillion in assets on behalf of savers and pensioners all over the world), finally signed up to the Climate Action 100+ initiative. Its [chief executive Larry Fink](#) also says he is committed to re-focusing the business on sustainability. BlackRock’s biggest rival, Vanguard, is still resisting, but the pressure is on.

Clearly a lot still needs to be done, but there are reasons to be cheerful. The key takeaway from the New Money Guide to Greenwashing is this: **be critical**. Take every ‘green’ or ‘sustainable’ investment label with a pinch of salt, do your homework, and you will become a cog in the machine that brings about real change.

Just by reading this guide, you have already taken your first step towards this! Now it’s time to put what you have learned into practice and start making the world a better place: one truly green investment at a time.

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Glossary of key terms

Active fund:

An investment fund run by a human who chooses and then closely monitors investments based on specific criteria.

Benchmark:

A universal standard to measure how well a fund is doing.

Bonds:

The debt of a company or government. UK government bonds are also called 'Gilts'.

Equities:

See 'stocks' and 'shares'.

ESG:

See [Green Investment Grid](#).

ETF:

Cheap passive funds run by a computer algorithm that spreads investments across companies in a stock market. ETFs are also listed on the stock market themselves.

Ethical:

See [Green Investment Grid](#).

Fund fees (also known as IMC/OCF):

How much you pay every year to invest in a fund.

Impact:

See [Green Investment Grid](#).

Index tracker/tracker funds:

Cheap passive funds run by a computer algorithm that spread investments across companies in a stock market index like the FTSE 100.

Investment platform:

A place where you can invest in shares, funds and more.

Responsible / Socially Responsible Investing (SRI):

See [Green Investment Grid](#).

Passive fund:

Cheap investment funds run by a computer algorithm that spread investments across companies in a stock market.

Performance/Returns:

How much money the fund is making, usually expressed in %.

Portfolio:

A collection of any kind of investments.

Shares:

Chunks of a company / stock you can buy on a stock market.

Shariah:

Similar to ethical but also excludes companies in traditional financial services and those involved in pork production. May invest in fossil fuel.

Stocks:

Different companies you can invest in.

Sustainable:

See [Green Investment Grid](#).

About

New Money

New Money is a sustainable finance specialist. We focus on helping people make their money count the way they want it to. Whether a few hard-saved pennies or a multi-million-pound portfolio, we know everyone can match their savings with their scruples, provide for a more comfortable future, and help the world to develop sustainably and equitably through our bank accounts, savings and investments.

EQ Investors

EQ is an award-winning, boutique wealth manager providing financial advice and investment management services to individuals, small businesses and charitable endowments. One of the fastest growing wealth managers in the UK, EQ is a certified B Corporation and so is recognised as striving for business as a force for good. It is committed to being staff owned with a strong focus on impact investing.

Liontrust LFP

Liontrust is a specialist fund management company that takes pride in having a distinct culture and approach to managing money. It believes in the benefits of active management over the long term and focuses only on those areas of investment in which it has particular expertise. Each of its fund management teams applies distinct and rigorous criteria to ensure its processes are predictable and repeatable.

M&G

M&G is a leading international asset manager, known for its long-term and stable approach to investing. M&G has been an active manager of investments for private individuals and institutions for over 80 years. Currently, M&G manages assets of over £276.6bn (correct to 30 June 2019) in equities, multi-asset, fixed income, real estate and cash for clients across Europe and Asia.

3d Investing

3d Investing is one of the UK's leading sustainable investment fund analysts. It has analysed every fund registered for sale in the UK that has some sort of ethical, sustainable or Environmental, Social and Governance (ESG) mandate. The team attributes a star rating of one to five stars to each fund as a short-hand for identifying the 'best' funds according to the 3d Investing criteria: 'Do good, avoid harm and make money'.

The Big Exchange

The Big Exchange is the UK's first sustainable-only investment platform. Co-founded by the Big Issue Group in 2019 in partnership with a number of big city firms, its aim is to make financial services more inclusive – to allow us all to make our society and planet better through our personal finances. Anyone can open an ISA, JISA or general investment account and start investing in funds screened and rated by 3d Investing for as little as £25 a month.

Disclaimer: This guide provides general information only. It is not financial advice and is not a recommendation to invest in any product mentioned. Investments can go down as well as up and you may lose all of your capital, especially if you are not investing for the long term, defined as three years or more.

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